FCC Foi	rm 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	391653	
<015>	Study Area Name	CITY OF FAITH MUNIC	
<020>	Program Year	2017	
<030>	Contact Name: Person USAC should contact with questions about this data	Judy Christiansen	
<035>	Contact Telephone Number: Number of the person identified in data line <030>	4028181322 ext.	
<039>	Contact Email Address: Email of the person identified in data line <030>	jchristiansen@consortiaconsulting.co	mc
	Form Type	54.313 and 54.422	

	ervice Quality Improvement Reporting ollection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3 July 2013			0819
<010>	Study Area Code	391653			
<015>	Study Area Name	CITY OF FAITH MU	NIC		
<020>	Program Year	2017			
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christianse	n		
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.			
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@cc	nsortiaconsulting.com		
<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing §54.202(a) "5	(yes / no			
<111>	year plan" filed with the FCC?	(yes / no	., O O		
<112>	If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service. Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your CETC which only receives frozen support, your progress report is only required to address voice telephony service.		.653sd112.pdf		
	Please select the appropriate responses below (Yes, No, Not Applicable) to conf that the attached document(s), on line 112, contains a progress report on its fiv service quality improvement plan pursuant to §54.202(a). The information shall submitted at the wire center level or census block as appropriate.	ve-year	ı	Name of Attached Document	
<113>	Maps detailing progress towards meeting plan targets		Yes]	
<114>	Report how much universal service (USF) support was received		Yes]	
<115>	How much (USF) was used to improve service quality and how support was used to impr	rove service quality	Yes		
<116>	How much (USF) was used to improve service coverage and how support was used to im	prove service coverage	Yes	1	
<117>	How much (USF) was used to improve service capacity and how support was used to improve service.		Yes	1	
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	. ,	Not Applicable	j	

(200) Service Outage Reporting (Voice)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

Data Coll	ection Form									1B Control No. 3060 v 2013	-0986/OMB Control N	0. 3060-0819
4010s	Charles Assa Ca					201652						
<010>	Study Area Co					391653						
<015>	Study Area Na					CITY OF FAI	TH MUNIC					
<020>	Program Year					2017						
<030>	Contact Name - Person USAC should contact regarding this data Judy Christiansen											
<035>	Contact Telep	hone Number	- Number of pe	rson identified	in data line <0	30> 4028181322	ext.					
<039>	Contact Email	Address - Ema	il Address of pe	erson identified	in data line <0)30> jchristians	en@consortiaconsu	lting.com				
<210>	For the prior	r calendar vea	ar, were there	e any reportal	ole voice serv	ice outages?	No					
<220>	<a>	<b1></b1>	<b2></b2>	<b3></b3>	 	<c1></c1>	<c2></c2>	<d>></d>	<e></e>		<g></g>	<h></h>
	NORS Reference Number	Outage Start Date	Outage Start Time	Outage End Date	Outage End Time	Number of Customers Affected	Total Number of Customers	911 Facilities Affected (Yes / No)	Service Outage Description (Check all that apply)	Did This Outage Affect Multiple Study Areas (Yes / No)	Service Outage Resolution	Preventative Procedures

(300) Unfulfilled Service Request Data Collection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
<010> Study Area Code		391653		
<015> Study Area Name		CITY OF FAITH MUNIC		
<020> Program Year		2017		
<030> Contact Name - Person USAC shoul	d contact regarding this data	Judy Christiansen		
<035> Contact Telephone Number - Numl	ber of person identified in data line <030>	4028181322 ext.		
<039> Contact Email Address - Email Addr	ress of person identified in data line <030>	jchristiansen@consortiaconsulting.com	om	
<300> Unfulfilled service request (voice)		0		
<310> Detail on attempts (voice)				
	Nam	ne of Attached Document		
<320> Unfulfilled service request (broadband)		0		
<330> Detail on attempts (broadband)		Name of Attached Document		
	Į.			

(400) Number of Complaints per 1,000 customers	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	391653	
<015>	Study Area Name	CITY OF FAITH MUNIC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should conta	ct regarding this data	Phristiansen
<035>	Contact Telephone Number - Number of p <030>	erson identified in data line	4028181322 ext.
<039>	Contact Email Address - Email Address of p <030>	person identified in data line	jchristiansen@consortiaconsulting.com
<400>	Select from the drop-down list to indicate voice complaints (zero or greater) for voice calendar year for each service area in whice any facilities you own, operate, lease, or of	telephony service in the prior hyou are designated an ETC fo	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
<410>	Complaints per 1000 customers for fixed v	oice	0.0
<420>	Complaints per 1000 customers for mobile	voice	
<430>	Select from the drop-down list to indicate end-user customer complaints (zero or grethe prior calendar year for each service are an ETC for any facilities you own, operate,	ater) for broadband service in a in which you are designated	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed b	roadband	0.0
<450>	Complaints per 1000 customers for mobile	broadband	

	npliance With Service Quality Standards and Consumer Protection Rules ection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013			
<010>	Study Area Code	391653				
<015>	Study Area Name	CITY OF FAITH MUNIC				
<020>	Program Year	2017				
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen				
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.				
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com				
<500>	2500> Certify compliance with applicable service quality standards and consumer protection rules Yes					
<510>	Descriptive document for Service Quality Standards & Consumer Protection Ru	391653sd510.pdf ules Compliance				

(600) Fu	unctionality in Emergency Situations		FCC Form 481	
Data Co	ollection Form		OMB Control No. 3060 July 2013	-0986/OMB Control No. 3060-0819
<u> </u>				
<010>	Study Area Code	391653		
<015>	Study Area Name	CITY OF FAITH MUNIC		
<020>	Program Year	2017		
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen		
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.		

Yes 391653sd610.pdf

Contact Email Address - Email Address of person identified in data line <030>

 $<\!\!600\!\!> \quad \text{Certify compliance regarding ability to function in emergency situations}$

<610> Descriptive document for Functionality in Emergency Situations

jchristiansen@consortiaconsulting.com

	ice Offerings including Voice Rate Data llection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013		
<010>	Study Area Code	391653		
<015>	Study Area Name	CITY OF FA	AITH MUNIC	
<020>	Program Year	2017		
<030>	Contact Name - Person USAC should contact regarding this of	lata Judy Chris	stiansen	
<035>	Contact Telephone Number - Number of person identified in	data line <030>	4028181322 ext.	
<039>	Contact Email Address - Email Address of person identified i	n data line <030>	jchristiansen@consortiaconsulting.com	
	Residential Local Service Charge Effective Date 1/3 Single State-wide Residential Local Service Charge	/2016 0		

-702	4.	2:	2.	di di	4.2.	.1.2.	di di	J.F.	
<703>	<a1></a1>	<a2></a2>	<a3></a3>	<b1></b1>	 kesidential Local	<b3></b3>	<b4></b4>	<bs><b5> Mandatory Extended Area</b5></bs>	<c></c>
	State	Exchange (ILEC)	SAC (CETC)	Rate Type	Service Rate	State Subscriber Line Charge	State Universal Service Fee	Service Charge	Total per line Rates and Fees
						•			
ŀ									
ŀ									
					Cooot	*			
					See at	tached worksheet			
ŀ									
ŀ									
ŀ									
ŀ									
-									
									

(710) Broadbrand Price Offerings	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
	July 2013

<010>	Study Area Code	21653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<711>	<a1></a1>	<a2></a2>	<b1></b1>	<b2></b2>	<c></c>	<d1></d1>	<d2></d2>	<d3></d3>	<d4></d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select }
				 See attack worksheet - 	hed				
				, romanos					

(800) Operating Companies	FCC Form 481	
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819	
	July 2013	

<010>	Study Area Code		391653
<015>	Study Area Name		CITY OF FAITH MUNIC
<020>	Program Year		2017
<030>	Contact Name - Person l	USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Num	ber - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address -	Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com
0.40		City of Faith Municipal Telephone Company	
<810>	Reporting Carrier	city of ratth municipal relephone company	
<811>	Holding Company	City of Faith	
<812>	Operating Company	NA	

<813>	<a1></a1>	<a2></a2>	<a3></a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation
-			
-			
•			
•			
-			
•			
•			
•			
-			
-			
•			
•			

(900) Tri	bal Lands Reporting	FCC Form 481	
Data Col	lection Form	OMB Control No. 3060-0986/C	MB Control No. 3060-0819
		July 2013	
-040	St. J. Avy Sylv	391653	
<010> <015>	Study Area Code Study Area Name	CITY OF FAITH MUNIC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen	
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com	
<900>	Does the filing entity offer tribal land services? (Y/N)	No	
<910>	Tribal Land(s) on which ETC Serves		
<920>	Tribal Government Engagement Obligation	Name of Attached Document	
If your o	company serves Tribal lands, please select (Yes,No, NA) for each these boxes		
-	rm the status described on the attached document(s), on line 920,		
	trates coordination with the Tribal government pursuant to	Select	
	B(a)(9) includes:	Yes or No or	
	(A.M.)	Not Applicable	
<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.		
<922>	Feasibility and sustainability planning;		
<923>	Marketing services in a culturally sensitive manner;		
<924>	Compliance with Rights of way processes		
<925>	Compliance with Land Use permitting requirements		
<926>	Compliance with Facilities Siting rules		
<927>	Compliance with Environmental Review processes		
<928>	Compliance with Cultural Preservation review processes		
<929>	Compliance with Tribal Business and Licensing requirements.		
		-	

	oice and Broadband Service Rate Comparability ection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <03	030> 4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <0	030> jchristiansen@consortiaconsulting.com
<1000>	Voice services rate comparability certification	Yes
<1010>	Attach detailed description for voice services rate comparability compliance	
		Name of Attached Document
<1020>	Broadband comparability certification	Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau
<1030>	Attach detailed description for broadband comparability compliance	
		Name of Attached Document

-	o Terrestrial Backhaul Reporting lection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	391653	
<015>	Study Area Name	CITY OF FAITH MUNIC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen	
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsult	Ling.com
<1100>	Certify whether terrestrial backhaul options exist (Y/N)	Yes	
<1130>	Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 upstream within the supported area pursuant to § 54.313(g).	kbps	

(1200) Te	rms and Condition for Lifeline Customers	FCC Form 481
Lifeline		OMB Control No. 3060-0986/OMB Control No. 3060-0819
Data Coll	ection Form	July 2013
<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <0303	jchristiansen@consortiaconsulting.com
	1	391653sd1210.pdf
		5710358d1210.pd1
.4240	Tarres O. Carallilla and I.Valla a Talanka and I.Valla a Disco	
<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	
	•	Name of Attached Document
412205		
<1220>	Link to Public Website HTTP	
	-	
"Planca cl	neck these boxes below to confirm that the attached document(s), on line 1210,	
	bsite listed, on line 1220, contains the required information pursuant to	
	(a)(2) annual reporting for ETCs receiving low-income support, carriers must	
	. , , ,	
annually r	eport.	
<1221>	Information describing the terms and conditions of any voice	
	telephony service plans offered to Lifeline subscribers,	
<1222>	Details on the number of minutes provided as part of the plan,	
11222	betails on the hamber of minutes provided as part of the plan,	
	_	
<1223>	Additional charges for toll calls, and rates for each such plan.	

(2000) Price Ca	ap Carrier Additional Documentation	FCC FC	orm 481
Data Collectio	n Form	OMB	Control No. 3060-0986/OMB Control No. 3060-0819
Including Rate	-of-Return Carriers affiliated with Price Cap Local Exchange Carriers	July 20	013
.040:	ty Area Code 391653		
	dy Area Code 391653 dy Area Name CITY OF FAITH MUNIC		
	gram Year 2017		
	tact Name - Person USAC should contact regarding this data Judy Christiansen		
	tact Telephone Number - Number of person identified in data line <030> 4028181322 ext.		
<039> Con	tact Email Address - Email Address of person identified in data line <030> jchristiansen@consorti	aconsulting.com	
Select the a	ppropriate responses below (Yes, No, Not Applicable) to note compliance as a recipi	ient of Incremental High Cost support, High Co	ost support to offset access charge reductions,
and Conne	ct America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The informa	tion reported on this form and in the docume	nts attached below is accurate.
Inc	remental Connect America Phase I reporting	Г	
	• • •		
<2010>	2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1		
	2016 certification, this applies to Round 2 recipients of Incremental		
	Support		
<2011>	3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1		
	2016 certification, this applies to Round 1 recipients of Incremental		
	Support		
.2022			
<2022>	Recipient certifies, representing year two after filing a notice of		
	acceptance of funding pursuant to 54.312(c), that the locations in		
	question are not receiving support under the Broadband Initiatives		
	Program or the Broadband Technology Opportunities Program for		
	projects that will provide broadband with speeds of at least 4		
	Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.		
<2023>	The attachment on line 2024 includes a statement of the total amount of		
	capital funding expended in the previous year in meeting Connect		
	America Phase I deployment obligations, accompanied by a list of census		
	blocks indicating where funding was spent. This covers year two -		
	54.313(b)(2)(ii). Round 2 recipients only.		
20244			
<2024A>	Round 2 Recipient of Incremental Support?		
<2024B>	Attach list of census blocks indicating where funding was spent in year	Name of Attached Document Listing	
	two - 54.313(b)(2)(ii). Round 2 recipients only.	Required Information	
<2025A>	Round 1 or Round 2 Recipient of Incremental Support?		
12025/17	The state of the s		
√202EDs	Attach googodad Information for Phase I milestone reports /Paused 1 for	Name of Attached Document Listing	
<2025B>	Attach geocoded Information for Phase I milestone reports (Round 1 for	Name of Attached Document Listing	
	year three and Round 2 for year two) - Connect America Fund , WC	Required Information	
	Docket 10-90, Report and Order, FCC 13-		
<2015>	2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)		

Data Collection For	rrier Additional Documentation (Continued) m eturn Carriers affiliated with Price Cap Local Exchange Carriers	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013		
<2016>	Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)} Certification support used to build broadband			
	: America Phase II Reporting {47 CFR § 54.313(e)}			
<2017A>	Connect America Fund Phase II recipient?			
<2017B>	Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price	Name of Attached Document Listing Required Information		
<2018>	cap carrier used for capital expenditures in 2015. Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)	Name of Attached Document Listing Required Information		
<2019>	Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)			
<2020>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)			
<2021>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)			
<2026>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)			
<2027>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)			

(3005) Rate Of Return Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)				
		Ύє	es - Att	ach Certifica	tion
(3010A)	Milestone Certification {47 CFR § 54.313(f)(1)(i)}				391653sd3010.pdf
(3010B)	Please Provide Attachment	Name of Attached Docu Information	ment List	ting Required	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community	Anchors		
(3012B)	Please Provide Attachment	Name of Attached Docu	ment List	ting Required	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	Information (Yes/No)	O	0	
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	\circ	•	
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)				
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows				
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Docui Information	ment List	ting Required	
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	(Yes/No)	•	0	
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers				
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows			V	
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			·	
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers				
(3023)	Underlying information subjected to a review by an independent certified public accountant				
(3024)	Underlying information subjected to an officer certification.				
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows				201652=22026 = 25
(3026)	Attach the worksheet listing required information	Name of Attached Docui	ment List	ting Required	391653sd3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

(4005) Rural Broadband Experiment Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data li	ne <030> 4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data li	ine <030> jchristiansen@consortiaconsulting.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations - FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

speed and data usage allowances available in the

relevant geographic area.

if yes to 4003A, please provide a response for 400	3B.	
4003b . Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	
Broadband Deployment Locations – FCC 14-98 (pa	ragraph 80)	
4004a . Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information —	
4004b . Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband	Name of Attached Document Listing Required Information	

Certification - Reporting Carrier	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. Name of Reporting Carrier: Signature of Authorized Officer: Date Printed name of Authorized Officer: Title or position of Authorized Officer: Telephone number of Authorized Officer: Study Area Code of Reporting Carrier: Filing Due Date for this form:

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification - Agent / Carrier Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

I certify that (Name of Agent) <u>Consortia Consulting</u> also certify that I am an officer of the reporting carrier; my respons agent; and, to the best of my knowledge, the reports and data prov	is authorized to submit the information reported on behalf of the reporting carrier. I ibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized ided to the authorized agent is accurate.
Name of Authorized Agent: Consortia Consulting	
Name of Reporting Carrier: CITY OF FAITH MUNIC	
Signature of Authorized Officer: CERTIFIED ONLINE	Date: 06/24/2016
Printed name of Authorized Officer: Debbie Brown	
Title or position of Authorized Officer: Finance Officer	
Telephone number of Authorized Officer: 6059672261 ext.	
Study Area Code of Reporting Carrier: 391653	Filing Due Date for this form: 07/01/2016

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Beh	alf of Reportin	g Carrier
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients or	behalf of the re	porting carrier; I have provided
the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported		
Name of Reporting Carrier: CITY OF FAITH MUNIC		
Name of Authorized Agent Firm: Consortia Consulting		
Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE	Date:	06/24/2016
Name of Authorized Agent Employee: Judy Christiansen		
Title or position of Authorized Agent or Employee of Agent Consultant		
Telephone number of Authorized Agent or Employee of Agent: 4028181322 ext.		
Study Area Code of Reporting Carrier: 391653 Filing Due Date for this form: 07/01/2016		
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. 18 of the United States Code, 18 U.S.C. § 1001.	. §§ 502, 503(b), or	fine or imprisonment under Title



(700) Price Offerings including Voice Rate Data	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

 <701> Residential Local Service Charge Effective Date
 1/1/2016

 <702> Single State-wide Residential Local Service Charge
 14.0

<703>

<a1></a1>	<a2></a2>	<a3></a3>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<b5></b5>	<c></c>
				Residential Local			Mandatory Extended Area	
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Service Rate	State Subscriber Line Charge	State Universal Service Fee	Service Charge	Total per line Rates and Fees
SD	Faith		FR	14.0	0.0	0.0	0.0	14.0

(710) Broadband Price Offering
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	391653
<015>	Study Area Name	CITY OF FAITH MUNIC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<711>	<a1></a1>	<a2></a2>	<b1></b1>	<b2></b2>	<c> <d1></d1></c>	<d2></d2>	<d3></d3>		<d4></d4>
			Residential	State Regulated	Total Rates	Broadband Service -	Broadband Service	Usage Allowance	Usage Allowance
	State	Exchange (ILEC)	Rate	Fees	and Fees	Download Speed	-Upload Speed (Mbps)	(GB)	Action Taken
						(Mbps)			When Limit Reached {select}
	SD	Faith	64.95	0.0	64.95	10.0	1.0	999999	Other, No limit on usage allowance

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules for Voice and Broadband Services

Service quality standards and consumer protection rules for broadband are not as defined as the rules for voice services. The Company complies with any service quality standards and consumer protection rules for broadband that are out there now and any that will be defined in the future.

Service Quality Standards

For voice services, the Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.

For voice and broadband services, the Company:

- Advertises the availability of its services and the charges using media of general distribution and/or on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - o Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.
- Meets or exceeds the standards established by the state commission and provides any reports that may be required in accordance with the state commission's rules.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

If complaints are filed with the Company regarding consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made.

<u>Functionality in Emergency Situations</u> for Voice and Broadband Services

Back-Up Power

The Company has back-up power to ensure functionality without an external power source with its battery backup system that is capable of providing power for a minimum period of 8 hours. The Company has a generator that automatically comes on whenever there is a loss of power.

Rerouting of Traffic around Damaged Facilities

The Company provides service in a single exchange. The Company's interexchange traffic is on a SONET ring with diverse routing to prevent being isolated by a fiber cut. The same local loop serves both the voice and broadband services to the subscriber.

Traffic Spikes

The Company is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can take reasonable steps to reroute traffic or add capacity to manage traffic spikes throughout its network as emergency situations require.

Lifeline Terms and Conditions

City of Faith Municipal Telephone Company ("City of Faith") offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
Federal Public Housing Assistance (Section 8)
Supplemental Nutrition Assistance Program (SNAP)
Medicaid
National School Lunch Program's Free Lunch Program
Supplemental Security Income (SSI)
Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2016 Federal Poverty Guidelines - 135%

Household Size	48 Contiguous	Alaska	Hawaii
	States and D.C.		
1	\$16,038	\$20,034	\$18,455
2	\$21,627	\$27,027	\$24,881
3	\$27,216	\$34,020	\$31,307
4	\$32,805	\$41,013	\$37,733
5	\$38,394	\$48,006	\$44,159
6	\$43,983	\$54,972	\$50,585
7	\$49,586	\$61,992	\$57,010
8	\$55,202	\$69,012	\$63,464
For each additional person, add	\$5,616	\$7,020	\$6,453

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

City of Faith's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. City of Faith's Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by City of Faith. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

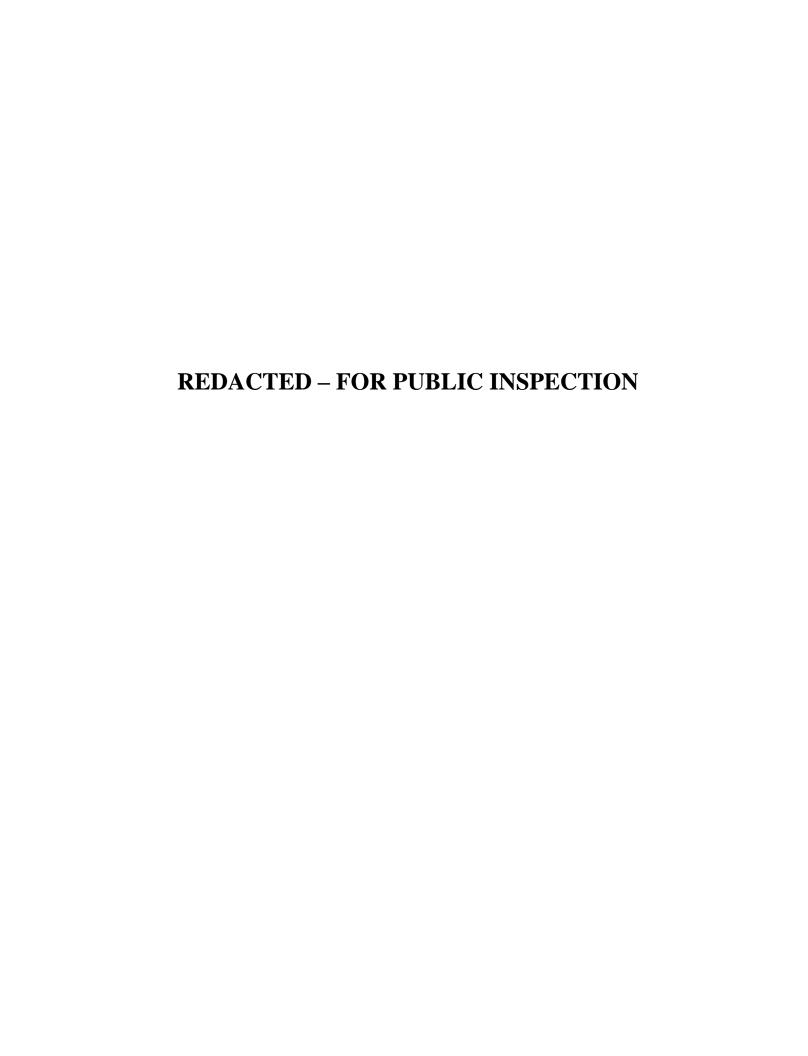
Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

Progress Report of 5 Year Plan – Milestone Certification

To be in compliance with the Milestone Certification of providing upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream:

- City of Faith Municipal Telephone Company certifies that it has taken reasonable steps to provide upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream with latency suitable for real-time applications, including Voice over Internet Protocol.
- The Company provides usage capacity that is reasonably comparable to comparable offerings in urban areas.
- The Company certifies that requests for such service are met within a reasonable amount of time.



Five – Year Plan Progress Report City of Faith Municipal Telephone Company

SAC 391653

Year 2015 Federal Universal Service Receipts:

Interstate Access Support	\$ I
Interstate Common Line Support	\$
Connect America Fund Support	\$
High Cost Loop Support	\$
Safety Net Additive Support	\$
Safety Valve Loop Cost Adjustment	\$ Ī
TOTAL	\$

Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding:

	Actual
	 2015
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$
General support (Accts 6120-24)	\$
Central office (Accts 6210-6232)	\$
Cable and wire facilities (Accts 6410-41)	\$
Network operations (Accts 6530-35)	\$
Depreciation and amortization (Accts 6560-65)	\$
Customer Operations Expenses	
Customer services (Accts 6611-23)	\$
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$
General and administrative (Accts 6720-28)	\$
Total Years Supported Expenses, Before Return on	
Investment	\$
Additions/Capx	
Switching (Acct 2210)	\$
Transmission Equipment (Acct 2230)	\$
Cable and wire (Acct 2410)	\$
Total	\$
Total Supported Expenditures, Before Return on Investment	\$

It is estimated that of the of universal service funding received in 2015 was used
to ensure and improve service quality. This ensures that the network is maintained and operated
to provide telecommunications and information services as well as interexchange services and
advanced telecommunications that are reasonably comparable to those services offered in urban
areas and are available at rates that are reasonably comparable to rates charged for similar
services in urban areas. Expenditures are not tracked at the wire center or census block level and
are reported here on a total service area basis. We believe it is reasonable to conclude the same
% of universal service funding received in 2015 will be used to ensure and improve service
quality in 2016.
It is estimated that of the of universal service funding received in 2015 was used improve <i>service coverage</i> at wire centers served by our company for telecommunications and
information services as well as interexchange services and advanced telecommunications
(broadband). Due to these expenditures, of households in our service area currently have access to our broadband capable network. Expenditures are not tracked at the wire center or
census block level and are reported here on a total service area basis. We believe it is reasonable
to conclude the same % of universal service funding received in 2015 will be used to improve
service coverage in 2016.
It is estimated that of the of universal service funding received in 2015 was used
improve service capacity at wire centers served by our company for telecommunications and
information services as well as interexchange services and advanced telecommunications
(broadband). Due to these expenditures, of households in our service area will have access
to our broadband capable network at speeds that meet or exceed 10Mbps/1Mbps. Expenditures
are not tracked at the wire center or census block level and are reported here on a total service
area basis. We believe it is reasonable to conclude the same % of universal service funding
received in 2015 will be used to improve service capacity in 2016.



June 24, 2016 VIA ECFS

Marlene H. Dortch, Secretary Federal Communications Commission 445 12th Street, SW Washington, DC 20554

Attention: Wireline Competition Bureau

Re: Petition for Limited Waiver of Section 54.313(j)
Faith Municipal Telephone Co., SAC 391653
ETC Annual Reports and Certifications; WC Docket Nos. 14-58 et al.

Dear Ms. Dortch:

Pursuant to Section 1.3 of the rules of the Federal Communications Commission ("FCC" or "Commission"), ¹ Faith Municipal Telephone Co. (the "Company"), SAC 391653, hereby requests a limited waiver of 47 C.F.R. Section 54.313(j). ² As demonstrated in the following information, good cause exists for waiver. Specifically pursuant to 47 C.F.R Section 54.313(f)(2)(ii), all privately held rate-of-return carriers that are not recipients of loans from the RUS and whose financial statements are audited in the ordinary course of business must provide either: A copy of their audited financial statement; or a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, accompanied by a copy of a management letter issued by the independent certified public accountant that performed the company's financial audit.

At this time, an audit of the Company's 2015 financial statement is in process but is not finalized. The audit will be completed but not prior to that which is outlined in 47 C.F.R. Section 54.313(j). The Company estimates that completion of such financial statement will occur within 60 days of this waiver request. The Company will file unaudited financial statements with its original Form 481 filing and will revise such filing with USAC, the FCC, and the State Commission upon completion of the audit. In addition, once completed, all lines of Form 481 that are reliant on the financial statements will be revised if changes are made between the unaudited and audited financial statements.

Once the audited financial statements have been filed, the Company will be in full compliance with 47 C.F.R. Section 54.313(f)(2)(ii). Thus grant of this limited waiver is warranted. The "good

1

¹ 47 C.F.R. § 1.3

² 47 C.F.R. § 54.313(j)

cause" waiver standard has been satisfied, and grant of this waiver would be in the public interest.

Please address any correspondence regarding this transmittal to the attention of Dan Davis at the following address, e-mail, and telephone number:

/s/ Dan Davis
Director Policy Analysis
Consortia Consulting
233 South 13th Street
Suite 1225
Lincoln, NE 68508

ddavis@consortiaconsulting.com 402-441-1672

CITY OF FAITH

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT DECEMBER 31, 2014



CITY OF FAITH

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810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: ktllp@ktllp.com

INDEPENDENT AUDITOR'S REPORT

City Council City of Faith Faith. South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of **CITY OF FAITH** (the City), Meade County, South Dakota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1(c); this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the City as of December 31, 2014, and the respective changes in financial position of the business-type activities and, where applicable, cash flows thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1(c).

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City Council Page Two

Emphasis of Matter Regarding Basis of Accounting

We draw attention to Note 1(c) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis and budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KETEL THORSTENSON, LLP Certified Public Accountants

Ketel Thorstoners LLP

August 4, 2015

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CITY OF FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2014

This section of the City of Faith's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the year ended on December 31, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The total revenues for the City's governmental activities	in 2014 from 2013 by . The main reason
for this change is due to an in grant revenue by	, and a in charges for goods by
due to a finite amount of finite runs during the year.	
, , , ,	by percent to revenues
by due to more usage and rate and	by due to fees.
This was offset by a finite telephone and frevenue by	and , respectively due to decreased
usage, and a in sales of	

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including related notes), and supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide financial statements.
 - The governmental funds financial statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds financial statements offer short-term and long-term financial information about the activities that the City operates like businesses. The City has six proprietary funds the Fund, Fund, Fund, Fund, Telephone Fund, and Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

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CITY OF FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) DECEMBER 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Basis of Accounting

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and related assets are recorded when they result from cash transactions.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues, (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-wide Statements

The two government-wide statements report the City's net position and how it has changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position.

- •Increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- •To assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in three categories:

- •Governmental Activities This category includes most of the City's basic services, such as police, fire, public works, parks department, and general administration. Sales taxes, charges for services, state and federal grants, and interest earnings finance the majority of these activities.
- •Business-Type Activities The City charges a fee to customers to help cover the costs of certain services it provides. The City's are included here.
- •Component Units The City does not have any component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. State law requires some of the funds. The City Council establishes other funds to control and manage money for particular purposes or to show that the City is properly using certain taxes and grants.

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CITY OF FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) DECEMBER 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

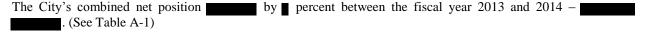
Fund Financial Statements (Continued)

The City has two kinds of funds:

- Governmental Funds Most of the City's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the year-end balances available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view which helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds financial statements, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary Funds Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The City's proprietary funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position



The Statement of Net Position – Modified Cash Basis reports all financial and capital resources. This statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The only long-term liability of the City, a capital lease, has been reported in this manner on the Statement of Net Position – Modified Cash Basis. The difference between the City's assets and liabilities is its net position.

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CITY OF FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Table A-1 Summarized Statement of Net Position - Modified Cash Basis for 2014 and 2013						
	Governmen	Governmental Activities Business-Type Activities		To	otal	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$					
Capital Assets						
Total Assets	\$					
Current Liabilities	\$					
Long-Term Debt				_		
Total Liabilities	\$					
Net Position:						
Net Investment in						
Capital Assets	\$					
Unrestricted						
Total Net Position	\$					
Beginning Net Position						
Increase in Net Position	\$					
Percentage of Change						
in Net Position						

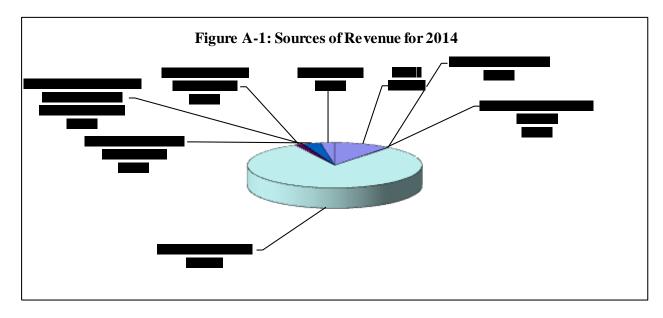
Changes in Net Position

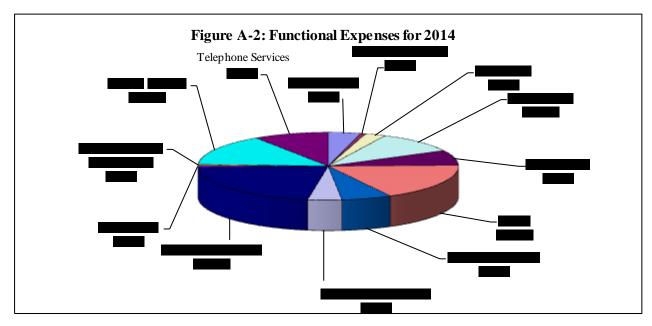
The City's revenues totaled _____, and the total cost of all programs and services was _____ for the year ended December 31, 2014. The City's expenses cover a range of services, including road maintenance, parks and recreation services, and sewer system services. (See Table A-2).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)





MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Concluded)

Table A-2 and the narrative that follows consider the operations of the governmental and business-type activities.

	Ch	Table A-2 nanges in Net				
	Government 2014	al Activities 2013	Business-Ty 2014	rpe Activities 2013	To 2014	otal <u>2013</u>
Revenues	2014	<u>2013</u>	2014	<u>2015</u>	2014	<u>2013</u>
Program Revenues						
Charges for Services	\$					
Operating Grants and Contributions				I		
Capital Grants and Contributions				i		
General Revenues				•		
Taxes						
Revenue State Sources				i		
Grants and Contributions			•	•		
not Program Specific						
Unrestricted Investment Earnings						
Miscellaneous						
Total Revenues						
			Ī	!		
Telephone						
-						
Telephone Total Expenses Excess (Deficiency) Before Transfers						
Total Expenses						
Total Expenses Excess (Deficiency) Before Transfers	\$					

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CITY OF FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONCLUDED)

Governmental Activities

The City experienced an in expenses in 2014. General Government had an of approximately due to for a multi-purpose room that didn't happen, and doing the because we skipped doing it in 2013. Public Safety by approximately due to in 2013 we donated to the and didn't in 2014 and more in 2013. approximately due to a new at the for in 2013 and less was done at the area. due to not having a to the school in 2014.
Business-Type Activities
expenses approximately sales being down due to make the tent. Expenses by due to a in the prior year for a change of approximately expenses by due to a in cost of sales. Expenses approximately for equipment purchases and labor to connect fiber in some businesses in 2013.
FINANCIAL ANALYSIS OF THE CITY'S FUNDS
The financial analysis of the City's funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The City's only governmental fund type is the General Fund. The City also maintains six business type funds –
BUDGETARY HIGHLIGHTS
Highway and Streets expenses exceeded the budgeted amount by approximately due to due to use of inventory on hand.
Charges for goods and services for was below the budgeted amount by approximately due to a significant in the amount of runs that were performed in the current year in comparison to the prior year.
Federal Grant revenue exceeded the budgeted amount by approximately due to receiving additional funds that were not previously expected to be received for the project. Additionally, the City did not occur the amount of expenses with the project that was initially planned, resulting in a positive budgetary variance of approximately.

CITY OF FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED) DECEMBER 31, 2014

CAPITAL ASSET ADMINISTRATION

By the end of 2014, the City had invested in a broad range of capital assets, including land, buildings, and various machinery and equipment. (See Table A-3).

Table A-3 Capital Assets (net of depreciation)

	Governmental Activities		Business-Typ	pe Activities	
	2014	2013	2014	2013	
Land	\$				
Construction Work in Progress				- <u>-</u>	
Buildings					
Improvements Other Than Buildings					
Machinery and Equipment					
Total Capital Assets	\$				

LONG-TERM DEBT

As of December 31, 2014, the City had in long-term debt (See Table A-4 below):

Table A- Outstanding Debt an	=	ations	
		Governmen	tal Activities
		2014	2013
Capital Acquisition Lease	\$		
Total Outstanding Debt and Obligations	\$		
-			

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The City expects business-type activities for 2015 to due to rate

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Faith's Finance Office, P.O. Box 368, Faith, SD 57626.

STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2014 $\,$

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Investments	\$		
Other Current Assets			
Joint Venture Investment			
Capital Assets:			
Land and Construction Work in Progress			
Other Capital Assets, Net of Depreciation			
TOTAL ASSETS	\$	\$	\$
LIABILITIES:			
Other Current Liabilities	\$		
Non-Current Liability - Capital Lease Obligation:			
Due Within One Year			
Due in More Than One Year			
TOTAL LIABILITIES			
NET POSITION:			
Net Investment in Capital Assets			
Unrestricted			
TOTAL NET POSITION			
TOTAL LIABILITIES AND NET POSITION	\$		

Program

Net (Expense) Revenue and

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CITY OF FAITH

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

			Parama			Expense) Revent	
			Revenues			nges in Net Positi	
		CI C	Capital	Operating		Primary Governm	ient
	Expenses	Charges for Services	Grants and	Grants and Contributions	Activities	Business-Type Activities	Total
Functions/Programs	Expenses	Scrvices	Contributions	Contributions	Activities	Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$						
Public Safety						_ i	
Public Works						Ī	
Health and Welfare			<u> </u>			Ī	
Culture and Recreation			Ī	Ī		Ī	
Conservation and Development		I				I	
Interest on Long-Term Debt							
Total Governmental Activities							
Dusings Type Astinities							
Business-Type Activities:			_	_	_		
			<u> </u>				
<u> </u>							
Telephone							
relephone			•	i	_		
Total Business-Type Activities			i				
Total Primary Government							
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Sales Taxes							
Gross Receipt Taxes							
State Shared Revenues						I	
Grants and Contributions not Restri	icted to Specific	Programs					
Unrestricted Investment Earnings							
Miscellaneous Revenue							
Transfers							
Total General Revenues and Transfer	S						
Change in Net Position							
Net Position - December 31, 2013							
Net Position - December 31, 2014					\$		

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CITY OF FAITH

BALANCE SHEET GOVERNMENTAL FUND - MODIFIED CASH BASIS DECEMBER 31, 2014

		_	General Fund
ASSETS:			
101	Cash and Investments	\$	
115	Other Current Assets	Ψ	
TOTAL A		\$	
1011121		Ψ	
LIABILI	ΓIES AND FUND BALANCE:		
Liabilities			
216	Other Current Liabilities	\$	
Total Lia		·	
Fund Bal	ance:		
263.01	Nonspendable - Inventory		
265	Committed - Capital Replacement		
267	Unassigned		
Total Fur	nd Balance		
TOTAL I	LIABILITIES AND FUND BALANCE	\$	

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CITY OF FAITH

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2014

Total Fund Balances - Governmental Funds

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Long-term liabilities are not due and payable in the current period and therefore are not included in the funds.

Total Net Position - Governmental Activities

CITY OF FAITH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

		General Fund
Revenue:		<u> </u>
	Taxes:	
313	Sales Taxes	\$
314	Gross Receipts Business Taxes	
315	Amusement Taxes	
320	Licenses and Permits	
	Intergovernmental Revenue:	
331	Federal Grant	
334	State Grant	
335.02		
335.03	Tax Reversion	
335.04		
335.08	Local Government Fund	
338.01		
338.99	Other	
	Charges for Goods and Services:	
341	General Government	
342		
343		
346		
347		
348		
349	Other -	
	Miscellaneous Revenue:	
361	Investment Earnings	
362	Rentals	
367	Contributions and Donations From Private Sources	
369	Other	
Total Reve	nue	

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED) GOVERNMENTAL FUNDS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

		General Fund
Expenditu	res:	
_	General Government:	
411	Legislative	
412	Executive	
413	Elections	
414	Financial Administration	
419	Other	₫
421		
422		=
431		
435		<u> </u>
437		=
441	:	
441 446		_
440		
451		
- 31		
465	Economic Development and Assistance	
466	Economic Opportunity	
467	Economic Development - Exhibit Area	
470	Debt Service	
485	Capital Outlay	_
Total Expo	enditures	
	ancing Sources:	
391.01	Transfers In	
391.03	Sale of Municipal Property	
391.04	Compensation for Loss or Damage To Capital Assets	
Total Other	er Financing Sources	
Net Chang	ge in Fund Balance	
Fund Balar	nce, December 31, 2013	_
Fund Bala	nce, December 31, 2014	\$

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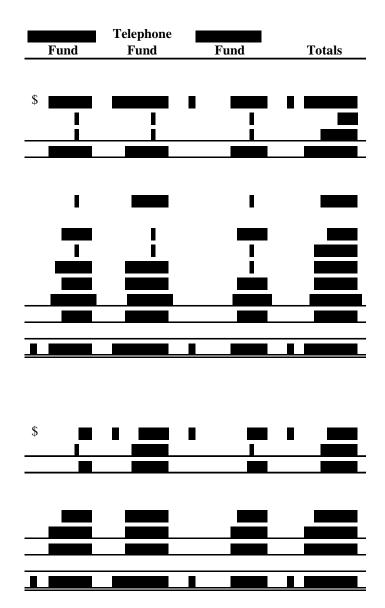
CITY OF FAITH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

Net Change in Fund Balance - Government Funds \$ Amounts reported for governmental activities in the Statement of Activities are different because: Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of the assets is allocated over their estimated useful lives and reported as depreciation expense. Capital Asset Purchases Capitalized Depreciation Expense The governmental funds reflect proceeds from capital asset sales, if any, while the Statement of Activities reports a gain on sale or disposal of capital assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Change in Net Position - Governmental Activities

STATEMENT OF NET POSITION PROPRIETARY FUNDS - MODIFIED CASH BASIS DECEMBER 31, 2014

	H	und	Fund	Fund
ASSETS:		unu	runu	<u>runu</u>
Current Assets:				
101 Cash and Cash Equivalents	\$			
115 Accounts Receivable				
142 Inventory of Supplies Purchased for Resale			Ī	Ī
Total Current Assets				
Noncurrent Assets:				
Joint Venture Investment (Note 8)				
Capital Assets:				
160 Land				
162 Buildings				
164 Improvements Other Than Buildings				
166 Machinery and Equipment				
Less: Accumulated Depreciation				
Total Noncurrent Assets				
TOTAL ASSETS	\$			
LIABILITIES:				
Current Liabilities:				
216 Other Current Liabilities	\$			
220 Customer Deposits				
Total Current Liabilities				
NET POSITION:				
253.1 Invested in Capital Assets				
253.9 Unrestricted Net Position				
Total Net Position				
TOTAL LIADITITIES AND NET DOSTOVAN	Φ.			
TOTAL LIABILITIES AND NET POSITION	\$			



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CITY OF FAITH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

]	Fund	Fund	Fund
Onera	ting Revenue:				
380	Charges for Goods and Services	\$			
300	Charges for Goods and Bervices	Ψ			
Total (Operating Revenue				
-	•				
Opera	ting Expenses:				
410	Personal Services				
420	Other Current Expense				
426.2	Materials (Cost of Goods Sold)				
457	Depreciation				
Total (Operating Expenses				
Opera	ting Income				
Nonop	erating Revenue:				
330	Operating Grants		Ī	Ī	
361	Investment Earnings			_	<u> </u>
Total I	Nonoperating Revenue				
Incom	e before Transfers				
391	Compensation for Loss or Damage to				
	Capital Assets		I		
511	Transfers Out				_
Chang	e in Net Position				
Net Po	sition - December 31, 2013				
NET P	POSITION - DECEMBER 31, 2014	\$			

Fund	Telephone Fund	Fund	Totals
\$	<u> </u>	. —	-
=	=	=	
	<u> </u>		=
		-	
		_	

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

		Fund	Fund	Fund
		Tunu	Tunu	Tunu
Cash Flows from Operating Activities:				
Receipts from Customers	\$			
Payments to Suppliers				
Payments to Employees				
Net Cash Flows Provided by Operating Activities				
Cash Flows from Noncapital Financing Activities:				
Transfers to Other Funds				
Operating Subsidies				
Net Cash Provided by (Used in) Noncaptial Financing Activiti	e			
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets				
Compensation for Loss or Damage				
to Capital Assets				
Net Cash Used in Capital and Related				
Financing Activities				
Cash Flows Provided by Investing Activities:				
Interest Earnings				
NAT COLUMN				
Net Increase in Cash and Investments				
Cash and Investments, December 31, 2013				
Cash and hivestments, December 31, 2013				
Cash and Investments, December 31, 2014	\$			
,,,				
Cash Flows From Operating Activities:				
Operating Income	\$			
Adjustments to Reconcile Operating Income to				
Net Cash Provided by Operating Activities:				
Depreciation Expense				
Change in Assets and Liabilities:				
Inventories				
Customer Deposits				
Other Current Liabilities				
Net Cash Flows Provided by Operating Activities	\$			
The Count 10 mo 110 made by Operating 110mm to	Ψ			

Fund	Telephone Fund	Fund	Totals
\$			
ı	I	I	
	ı		
\$			
_			
_		_	
I I_		I I	

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies

As discussed further in Note (1)c, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Reporting Entity

The reporting entity of the City of Faith (the City) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis display information about the reporting entity as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities – Modified Cash Basis presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

- 1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
- 2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or
- 3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation (Continued)

Fund Financial Statements: (Continued)

The funds of the City financial reporting entity are described below:

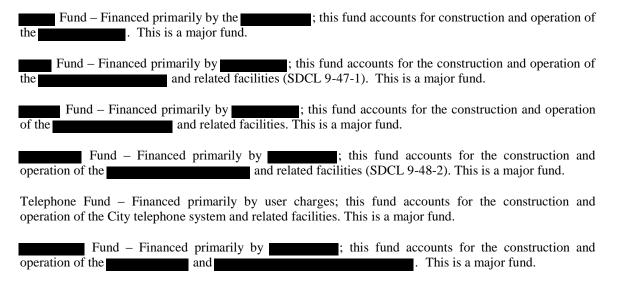
Governmental Funds:

General Fund – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is always considered to be a major fund.

Proprietary Funds:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary Funds include:



c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied within the limitations of the modified cash basis of accounting as defined below.

Fund Financial Statements:

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used, applied within the limitations of the modified cash basis of accounting.

Basis of Accounting:

All financial statements are presented using the modified cash basis of accounting. The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the cash basis of accounting, the statement of financial position reports only cash and cash equivalents. Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed.

Acceptable modifications to the cash basis of accounting implemented by the City in these financial statements are:

- 1. Recording of capital assets arising from cash transactions and depreciating those assets where appropriate.
- 2. Recording of long-term debt arising from cash transactions.
- 3. Recording both capital assets and related long-term debt used to finance the capital asset acquisition.
- 4. Recording inventory resulting from payment of cash to vendors.
- 5. Recording of investments arising from cash transactions.
- 6. Recording of customer's deposits arising from cash transactions.
- 7. Recording checks returned as non-sufficient funds as accounts receivable.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City applied GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financial statements and fund financial statements for proprietary fund types would use the accrual basis of accounting.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies (Continued)

d. Interfund Transfers

The City transfers unrestricted revenues collected in the enterprise funds to the General Fund and other enterprise funds to balance the budgets in those funds. Also, as part of the City's policy, any interest earnings on deposits and investments are transferred to the General Fund (Note 2).

e. Capital Assets

Under the modified cash basis of accounting, capital assets are recorded when they result from cash transactions, and are depreciated, when appropriate. The accounting treatment for property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Under the modified cash basis of accounting, capital assets are considered a cost of the program for which they were acquired, for the amount paid in cash.

Allocations between programs are made, where necessary, to match the cost with the program that benefits from the use of the capital assets.

All capital assets are valued at cost or estimated historical cost, if actual historical cost is not available.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2004, are recorded at cost, and classified as "Improvements Other than Buildings."

Under the modified cash basis, depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation has been provided over the estimated useful lives using the straight-line method.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

Land
Construction Work in Progress
Buildings
Improvements Other Than Buildings
Machinery and Equipment

Capitalization Depreciation Estimated
Threshold Method Useful Life

\$ \[\] \[

Land is an inexhaustible capital asset and is not depreciated.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies (Continued)

e. Capital Assets (Continued)

Fund Financial Statements:

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund when paid for in cash. Capital assets acquired for use in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

f. Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities, arising from cash transactions, to be repaid from governmental and business-type resources are reported as liabilities in the respective columns on the government-wide financial statements. The long-term liability consists of a capital acquisition lease.

Long-term liabilities arising from cash transactions of governmental funds are not reported as liabilities in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund financial statements as it is in the government-wide financial statements.

g. Revenue Received in Advance

Under the modified cash basis of accounting, cash may have been received in advance of the City's providing a good or service to a customer, resulting in unearned revenue. There was no unearned revenue at December 31, 2014.

h. Program Revenues

Program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

- 1. Charges for services These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
- 2. Program-specific operating grants and contributions These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- 3. Program-specific capital grants and contributions These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies (Continued)

i. Proprietary Funds Revenue and Expense Classification

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows – Modified Cash Basis. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Inventory

Inventory in the fund, acquired for resale, is valued at the lower of cost or market on the weighted average cost basis. Inventory in the general fund for solutions is valued at the lower of cost or market on the weighted average cost basis.

k. Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all unrestricted and restricted demand and savings accounts and certificates of deposit with a term to maturity at date of acquisition of three months or less.

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows – Modified Cash Basis.

I. Equity Classifications

Government-wide Financial Statements:

Equity is classified as net position and is displayed in three components, as follows:

- 1. Net Investment in Capital Assets Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2. Restricted Net Position Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- 3. Unrestricted Net Position All other net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Financial Statements:

The City classifies governmental fund balance as follows:

1. Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(1) Summary of Significant Accounting Policies (Concluded)

l. Equity Classifications (Continued)

Fund Financial Statements (Continued):

- Restricted Includes fund balance amounts that are constrained for specific purposes which are externally
 imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling
 legislation.
- 3. Committed Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the City Council and does not lapse at year-end.
- 4. Assigned Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council, Mayor, or Finance Officer.
- 5. Unassigned Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

Proprietary fund equity is classified the same as in the government-wide financial statements.

The City uses restricted amounts first when both restricted and unrestricted net position or fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar-for-dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

(2) Deposits and Investments

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(2) Deposits and Investments (Continued)

The actual bank balances at December 31, 2014 were as follows:

Primary Government	Bank	Balance
Insured - FDIC Uninsured, collateral jointly held by State's/City agent in the name of the State and the pledging financial institition	\$	
Total Deposits	\$	

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2014, the City's cash and investments consisted of checking and savings accounts, and certificates of deposit.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from deposits and investments to the General Fund. GAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income except where legal or contractual requirements require investment income to be credited to a fund other than the one associated with the assets. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities.

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: State law limits eligible investments for the City as discussed above. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk: This is the risk that in the event of a deposit failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2014, none of the City's deposits were exposed to custodial credit risk.

Concentration of Credit Risk: The City's places no limits on the amount that may be invested in any one issuer.

(3) Property Taxes

The City does not levy property taxes.

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CITY OF FAITH

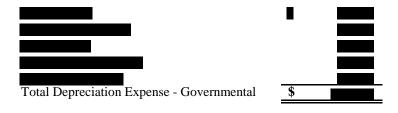
NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(4) Changes in Capital Assets

A summary of changes in governmental activities capital assets for the year ending December 31, 2014, is as follows:

	Balance	A 1117	Transfers/	Balance
Communicated Assisting	12/31/2013	Additions	Deletions	12/31/2014
Governmental Activities:				
Capital Assets, not being Depreciated:	¢			
	\$	<u> </u>	I !	
Construction Work in Progress* Total Capital Assets, not being Depreciated			<u></u>	
Total Capital Assets, not being Depreciated				
Capital Assets, being Depreciated:				
Buildings		ī	•	
Improvements Other Than Buildings				
Machinery and Equipment				
Total Capital Assets Being Depreciated				
Less Accumulated Depreciation for:				
Buildings			I	
Improvements Other Than Buildings			Ī	
Machinery and Equipment			_	
Total Accumulated Depreciation				
Total Governmental Activities Capital				
Assets, being Depreciated, Net				
, S i /				
Total Governmental Capital Assets, Net	\$			
*Construction Work in Progress at December 31	, 2014 is composed	of engineering cos	ts for a land acqui	sition, wild

Depreciation expense for governmental activities was charged to functions as follows:



NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(4) Changes in Capital Assets (Continued)

A summary of changes in business-type activities capital assets for the year ended December 31, 2014 is as follows:

	Balance 12/31/2013	Additions	Transfers/ Deletions	Balance 12/31/2014
Business-Type Activities:	12,51,2013	1 Idditions	Beletions	12,01/2014
Capital Assets, not being Depreciated:				
Land	\$			
Total Capital Assets, not being Depreciated				
Capital Assets, being Depreciated:				
Buildings				
Improvements Other Than Buildings		Ī	Ī	
Machinery and Equipment			Ī	
Total Capital Assets Being Depreciated				
	·			
Less Accumulated Depreciation for:				
Buildings			Ī	
Improvements Other Than Buildings			Ī	
Machinery and Equipment			Ē	
Total Accumulated Depreciation				
			-	
Total Business-Type Activities Capital				
Assets, being Depreciated, Net				
Total Business-Type Capital Assets, Net	\$			

Depreciation expense for business-type activities was charged to functions as follows:

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(5) Long-Term Debt

A summary of the changes in long-term debt for the years ending December 31, 2014, is as follows:

	Balance			Balance	Due Within
	12/31/2013	Additions	Deletions	12/31/2014	One Year
Primary Government:					
Governmental Activities:					
Capital Acquisition Leases	\$				
Total Governmental Activities					
T. (ID)	Φ				
Total Primary Government	\$				
The principal amount, above, was in depreciated over the estimated useful-li in accumulated depreciation for Debt payable at December 31, 2014, is one of the payable at December 31, 2014, is one of	fe of the asset. or a net book va	The asset cost lue of		-	with
Capital Acquisition Lease					
Capital Lease for recreation center that		- ·			
semi-annual payments of , ma	•	017 at which tin	ne the full		_
balance is due. Financed through the	General Fund.				5

The annual requirements to amortize long-term debt outstanding as of December 31, 2014, are as follows:

	Capital Acquisition Lease			
	Interest	Principal		
2015	\$			
2016				
2017				
Total	\$			

Interest cost paid and charged to interest expense in the current period totaled

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(6) Operating Leases			
During the year ended December 31, 2003, the City beg This is a fifteen year operating lease that income was for the year ended December 31, 2014:	it requires and	nual lease payments of	. Sublease rental
2015	\$		
2016			
2017			
2018			
The City has a lease agreement with lease requires minimum monthly charges of for the year ended December 31, 2014. During the minimum monthly charge to plus variable feethelease during 2015. Future minimum lease payments	g 2014, the Ces based on se	City extended the lease through the city has ervice levels. The City has	ough 2015 increasing sthe option to renew

(7) Retirement Plan – South Dakota Retirement System

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute percent of their salary to the plan, while public safety and judicial employees contribute and percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were required contributions each year.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014

(8) Joint Ventures

The City participates in the South Dakota Network, Inc. (the Network), a network formed for the purpose of receiving and delivering phone traffic for its members. For the year ended December 31, 2014, the City's interest in the voting and non-voting common stock is ______, which is recorded as an investment (using the cost method) within the telephone fund. The stock will be maintained by the City as long as it participates in the Network.

Ownership in the Network consists of entities, none of which have significant ownership percentages. The City has less than percent ownership. Separate financial statements for this joint venture are available from South Dakota Network, Inc., Sioux Falls, South Dakota.

At December 31, 2014, this joint venture had total equity of (unaudited), total liabilities of (unaudited), and total assets of (unaudited).

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2014, the City managed its risks as follows:

Employee Health Insurance:

The City purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The City purchases property and liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The City joined the South Dakota Municipal League Worker's Compensation Fund (the Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium to the Fund to provide worker's compensation coverage for its employees. Coverage limits are set by state statute. The Fund pays the first of any claim per individual. The Fund has reinsurance, which covers up to statutory limits in addition to a separate combined employer liability limit of per incident. The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The City has elected to be a noncontributing member of the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. As a result, the City retains all risks for liabilities resulting from claims for unemployment benefits. Claims filed and paid for unemployment benefits were during the year ended December 31, 2014. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

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CITY OF FAITH

NOTES TO FINANCIAL STATEMENTS (CONCLUDED) DECEMBER 31, 2014

(10) Emerging Accounting Standards

In June 2012, GASB issued Statement No. 68. Statement No. 68, *Accounting and Reporting for Pensions*, replace the requirements of Statement No. 50, *Pension Disclosures* and will require additional note disclosures for the City's cost-sharing multiple employer, defined benefit pension plan. These statements relate to accounting and financial reporting issues and how pension costs and obligations are measured and reported in audited financial statements. The standards describe the change from the funding-based approach to an accounting-based approach in order to improve pension information and increase the transparency, consistency, and comparability of pension information across governments.

As the City is under the modified cash basis of accounting (Note 2), the City will not record the net position liability or assets.

The guidance related to the new standard is effective for the City's year ending December 31, 2015. The City will be evaluating the impact the standards will have on the financial statements.

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

			Actual -	
	Original	Final	Budgetary	-
Davianua	Budget	Budget	Basis	Variance
Revenue: Taxes:				
313 Sales Taxes	\$			
	Φ			
314 Gross Receipts Business Taxes 315 Amusement Taxes				
320 Licenses and Permits				
Intergovernmental Revenue:				
331 Federal Grant				
334 State Grant	<u> </u>	_		
Port of Entry			<u>I</u> _	
335.02 Motor Vehicle Commercial Prorate		I		
Tax Reversion				
335.04				
335.08 Local Government Fund				
338.01				
338.99 Other				
Charges for Goods and Services:				
341 General Government				
342				
343				
346				
347				
348		I		
349 -				
Miscellaneous Revenue:				
361 Investment Earnings				
362 Rentals				
367 Contributions and Donations From Private Sources				
369 Other				
Total Revenue				

BUDGETARY COMPARISON SCHEDULE (CONTINUED) GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

		Original Budget	Final Budget	Actual - Budgetary Basis	Variance
Expend					
411	General Government:				
411	Legislative				
411.5	Contingency Amount Transferred			<u> </u>	<u></u>
412	Executive				
412	Elections				
414	Financial Administration				
419	Other				
71)	omer				
		_			· <u></u>
	Conservation and Development:				
465	Economic Development and Assistance				
466	Economic Opportunity				I_
467	Economic Development - Exhibit Area				_ ■
470	Debt Service				
Total E	xpenditures				
391.01	Transfers In				
	Sale of Municipal Property				
	Compensation for Loss or Damage to Capital Assets	<u>.</u>	-		
511	Transfers Out				
	Other Financing Sources				
10tai O	mer i maneing pources				
Net Cha	ange in Fund Balance				
	alance, December 31, 2013				
		ф	Φ	Φ.	Φ.
<u>runa B</u>	alance, December 31, 2014	\$	\$	\$	\$

The accompanying notes are an integral part of this statement.

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CITY OF FAITH

NOTES TO SUPPLEMENTARY INFORMATION DECEMBER 31, 2014

(1) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. At the first regular board meeting in September of each year, or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
- 2. After adoption by the governing board, the operating budget is legally binding and actual disbursements for each purpose cannot exceed the amounts budgeted, except as indicated in item number 4.
- 3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
- 4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
- 5. Unexpended appropriations lapse at year-end unless encumbered by resolution of the governing board.
- 6. The City did not encumber any amounts at December 31, 2014 or 2013.
- 7. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects funds, and debt service funds.

(2) GAAP Budgetary Accounting Basis Differences

The financial statements prepared in conformity with the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis, however in the Budgetary Supplementary Information Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council City of Faith Faith, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the **CITY OF FAITH** (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Auditor's Comments and Closing Conference, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Auditor's Comments and Closing Conference as 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Auditor's Comments and Closing Conference. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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City Council Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

KETEL THORSTENSON, LLP Certified Public Accountants

Ketel Thorstoners, LLP

August 4, 2015

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CITY OF FAITH

AUDITOR'S COMMENTS AND CLOSING CONFERENCE FOR THE YEAR ENDED DECEMBER 31, 2014

A. Status of Prior Audit Findings and Recommendations

Prior Year	<u>Description</u>	Current Year
2013-001	Financial Statement Preparation	Substantially Repeated as 2014-001
2013-002	Segregation of Duties	Substantially Repeated as 2014-002
2013-003	Budgetary Overdrafts	Not Repeated in the Current Year

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CITY OF FAITH

AUDITOR'S COMMENTS AND CLOSING CONFERENCE (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

B. Current Year Audit Findings and Recommendations

MATERIAL WEAKNESSES

2014-001 FINDING: Financial Statement Preparation and Year End Adjustments

Condition and Cause: As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. During this process, we proposed a material audit adjustment to roll forward equity. Ultimately, it is management's responsibility to provide for the preparation of the City's statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint, we do both for the City at the same time in connection with our audit. This is not unusual for us to do with municipalities of your size.

Criteria and Effect: Adjustments noted above would not have been identified as a result of the City's existing internal controls. These deficiencies could result in material misstatements to the financial statements that would not have been prevented or detected by the City's management.

Recommendation: We recommend management review equity accounts to ensure transactions are recorded correctly and properly roll forward. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in the City's statements. We are satisfied that the appropriate steps have been taken to provide the City with the completed financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response/Corrective Action Plan: The City will review equity for proper recording and that it properly rolls forward. The City evaluates its risk associated with this condition on an annual basis. The Finance Officer, is responsible for this corrective action plan.

2014-002 FINDING: Segregation of Duties

Condition and Cause: The City has a general lack of segregation of duties in the finance office, more specifically:

- a. All finance personnel have access to the general ledger, open mail, receive unopened bank statements, and mail the signed checks.
- b. The Finance Officer and Deputy Finance Officer receive customer payments, have access to write-off and adjust customer accounts, and the customer adjustments or write-off reports are not reviewed. In addition, the Finance Officer prepares the revenue portion of the financial statements given to the City Council for review. The Finance Officer is preparing a listing of adjustments, but the listing is not currently being reviewed by someone other than herself.
- c. There is lack of controls at the ... The controls orders inventory, receives inventory, and performs quarterly spot-check inventory counts. During the current year, the count documentation was reviewed by the Finance Officer for reasonableness and accuracy. Margin analysis on the inventory, sales and operating agreements was not performed periodically throughout the year.
- d. The maintains signed checks (with one signature) on hand for larger for its of misappropriation is mitigated by the Finance Officer's review of the bank statement, including images of cancelled checks.

CITY OF FAITH

AUDITOR'S COMMENTS AND CLOSING CONFERENCE (CONCLUDED) FOR THE YEAR ENDED DECEMBER 31, 2014

B. Current Year Audit Findings and Recommendations (Continued)

MATERIAL WEAKNESSES (Continued)

2014-002 FINDING: Segregation of Duties (Continued)

Criteria and Effect: Internal controls should be in place to provide reasonable assurance that all financial transactions are reviewed and approved before payments are made and reports are generated. Controls also need to be in place to ensure all revenue is processed and recorded correctly. Proper segregation of duties and functions assures adequate control over safeguarding of assets and the reliability of financial records and reporting. The effectiveness of the internal control system relies on enforcement by management.

Recommendations:

- a. The overall lack of segregation of duties over the disbursement process is due to the limited number of accounting personnel, which is typical in a city of this size. However, the risk of misappropriation is mitigated by the Mayor reviewing the unopened bank statement.
- b. The listing of account adjustments and write-offs from the accounting software should be reviewed monthly by a City Council Member.
- c. The Finance Officer should continue to review the periodic inventory count paperwork and perform random count checks. Additionally, margin analysis (direct cost of sales as a percentage of sales) should be performed at least monthly by the Finance Officer and reviewed for reasonableness based on gross margin percentages of and operating agreements. The results should be reviewed with a City Council member.
- d. Signed checks should not be maintained on hand, as it creates the potential for misappropriation of cash. As noted above, the risk is mitigated by the Finance Officer's review of the bank statement, including images of cancelled checks.

Response/Corrective Action Plan:	The City attempts to maintain proper segregat	ion of duties	with the	staff
available. The Finance Officer,	, is responsible for this corrective action	plan.		

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015



CITY OF FAITH

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ACCOUNTANT'S DISCLAIMER REPORT

City Council City of Faith Faith, South Dakota

The accompanying modified cash basis annual report of the **City of Faith** (the City) as of and for the year ended December 31, 2015, was not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on.

The financial statements included in the accompanying annual report are presented in accordance with the requirements of the South Dakota Department of Legislative Audit, and are not intended to be a presentation in accordance with the modified cash basis of accounting.

This report is intended solely for the information and use of the management of the City and the South Dakota Department of Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

KETEL THORSTENSON, LLP Certified Public Accountants

Katal Thorstown LLP

April 1, 2016

STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Investments	\$		
Other Current Assets			
Joint Venture Investment			
Capital Assets:	_		
Land and Construction Work in Progress			
Other Capital Assets, Net of Depreciation			
TOTAL ASSETS	\$		
LIABILITIES:			
Other Current Liabilities	\$	\$	\$
Non-Current Liability - Capital Lease Obligation:			
Due Within One Year		Ī	
Due in More Than One Year			
TOTAL LIABILITIES			
NET POSITION:			
Net Investment in Capital Assets			
Unrestricted			
TOTAL NET POSITION			
TOTAL LIABILITIES AND NET POSITION	\$_	\$	\$

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

			Program			(Expense) Revenu	
			Revenues		Cha	anges in Net Positi	
		CI C	Capital	Operating	C 1	Primary Governm	nent
	Expenses	Charges for Services	Grants and	Grants and Contributions	Activities	Business-Type Activities	Total
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$						
			•			ı	
						I	
			<u> </u>	<u> </u>		<u> </u>	
Consensation and Development				<u> </u>		<u> </u>	
Conservation and Development Interest on Long-Term Debt		1		<u> </u>		1	
Total Governmental Activities						<u> </u>	
Total Governmental Activities							
Business-Type Activities:							
				1	I		
			Ī	Ī	Ī		
			ı		I		
					I		
Telephone			I		I		
Total Business-Type Activities							
Total Primary Government	\$						
General Revenues and Transfers:							
General Revenues:							
Taxes:						_	
Sales Taxes Gross Receipt Taxes						<u> </u>	
State Shared Revenues							
Grants and Contributions not Rest	ricted to Specific	Programs					
Unrestricted Investment Earnings	reted to appearing	1 Tograms					
Miscellaneous Revenue							
Transfers							
Total General Revenues and Transfe	ers						
Change in Net Besition							
Change in Net Position							
Net Position - December 31, 2014							
· · · · · · · · · · · · · · · · · · ·							
Net Position - December 31, 2015					\$		

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CITY OF FAITH

BALANCE SHEET GOVERNMENTAL FUND - MODIFIED CASH BASIS DECEMBER 31, 2015

		_	General Fund	
ASSETS:				
101	Cash and Investments		5	
115	Other Current Assets			
TOTAL A	ASSETS		3	
I I A DII I	THE CANDELIND DAY ANCE			
	TIES AND FUND BALANCE:			
Liabilitie				
216	Other Current Liabilities		5	
Total Lia	bilities			
Fund Bal	ance:			
263.01	Nonspendable - Inventory			
265	Committed - Capital Replacement			
Total Fur	nd Balance			
TOTAL I	LIABILITIES AND FUND BALANCE	(

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CITY OF FAITH

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS DECEMBER 31, 2015

Total Fund Balances - Governmental Funds	\$
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Long-term liabilities are not due and payable in the current period and therefore are not included in the funds.	
Total Net Position - Governmental Activities	\$

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2014

		General Fund
Revenue:		
	Taxes:	
313	Sales Taxes	\$
314	Gross Receipts Business Taxes	
315	Amusement Taxes	
320	Licenses and Permits	
	Intergovernmental Revenue:	
331	Federal Grant	
334	State Grant	
335.02	Motor Vehicle Commercial ProRate	
335.03	Tax Reversion	
335.04		
335.08	Local Government Fund	
338.01		
338.99	Other	
	Charges for Goods and Services:	
341	General Government	34
342		
	Miscellaneous Revenue:	
361	Investment Earnings	
362	Rentals	
367	Contributions and Donations From Private Sources	
369	Other	
Total Reve	enue	

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED) GOVERNMENTAL FUND - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

			neral ınd
Expenditu	rec:		<u> </u>
Expenditu	General Government:		
411	Legislative		
412	Executive		
413	Elections		
414	Financial Administration	Ī	
419	Other		
,			
	Conservation and Development:		
465	Economic Development and Assistance		
466	Economic Opportunity		
467	Economic Development - Exhibit Area	_	
470	Debt Service		
485	Capital Outlay		
Total Exp	enditures		
Othor Fin	onaina Couraga		
391.01	ancing Sources: Transfers In	_	
391.03	Sale of Municipal Property		
391.04	Compensation for Loss or Damage To Capital Assets	-	
Total Oth	er Financing Sources		
Not Chanc	ge in Fund Balance		
THEE CHAIR	G III F UHU DAIAHUU		
Fund Ralar	nce, December 31, 2014		
i unu Dalai	ice, December 31, 2014		
Fund Bala	nce, December 31, 2015	\$	

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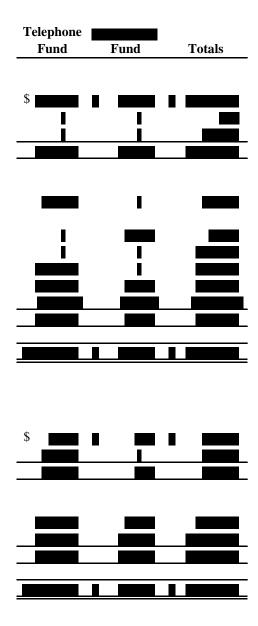
CITY OF FAITH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balance - Government Funds	\$
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of the assets is allocated over their estimated useful lives and reported as depreciation expense. Capital Asset Purchases Capitalized Depreciation Expense	=
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Change in Net Position - Governmental Activities	\$

STATEMENT OF NET POSITION PROPRIETARY FUNDS - MODIFIED CASH BASIS DECEMBER 31, 2015

	E1	E1	E1	E
ASSETS:	<u>Fund</u>	Fund	Fund	Fund
Current Assets:				
101 Cash and Cash Equivalents	\$			
115 Accounts Receivable	Ψ			
142 Inventory of Supplies Purchased for Resale			<u>.</u>	
Total Current Assets				
Total Current Assets				
Noncurrent Assets:				
151 Joint Venture Investment	I	•	•	•
Capital Assets:			•	•
160 Land	Ī		Ī	
162 Buildings			i	<u> </u>
164 Improvements Other Than Buildings	Ī			
166 Machinery and Equipment				
Less: Accumulated Depreciation				
Total Noncurrent Assets				
TOTAL ASSETS	\$			
LIABILITIES:				
Current Liabilities:				
216 Other Current Liabilities	\$			
220 Customer Deposits				- i
Total Current Liabilities	_			
NET DOGWYCN				
NET POSITION:				
253.1 Invested in Capital Assets				
253.9 Unrestricted Net Position				
Total Net Position				
TOTAL LIABILITIES AND NET POSITION	\$			
TOTAL EMBILITIES AND RELITOSITION	Ψ			



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

		F	und	Fund	Fund	Fund
Operat	ting Revenue:					
380	Charges for Goods and Services	\$				
Total (Operating Revenue					
Operat	ting Expenses:					
410	Personal Services					
420	Other Current Expense					
426.2	Materials (Cost of Goods Sold)					I
457	Depreciation					
Total (Operating Expenses					
Operat	ting Income					
Nonop	erating Revenue:					
361	Investment Earnings					
391	Compensation for Loss or Damage to					
	Capital Assets					Ī
Total N	Nonoperating Revenue					
Income	e Before Transfers					
511	Transfers Out					
Change	e in Net Position					
Net Pos	sition - December 31, 2014					
NET P	OSITION - DECEMBER 31, 2015	\$				



STATEMENT OF CASH FLOWS PROPRIETARY FUNDS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

		Liquor Fund		Water Fund	Electric Fund	Wastewater Fund
Cook Flows from Operating Activities						
Cash Flows from Operating Activities: Receipts from Customers	\$		_			_
Payments to Suppliers	Ψ					
Payments to Employees						
Net Cash Flows Provided by Operating Activities						
v 1						
Cash Flows from Noncapital Financing Activities:						
Transfers to Other Funds						
Net Cash Provided by (Used in) Noncaptial						
Financing Activities:						
Coch Flores from Conital and Delated Financing Activities						
Cash Flows from Capital and Related Financing Activities: Purchases of Capital Assets				_		
Compensation for Loss or Damage						
to Capital Assets				_		Ē
Net Cash Provided by (Used in) Capital and Related						
Financing Activities						•
Cash Flows Provided by Investing Activities: Interest Earnings					_	
Net Increase in Cash and Investments						
Cash and Investments, December 31, 2014						
Cash and Investments, December 31, 2015	\$					
Cash Flows From Operating Activities:						
Operating Income	\$					
Adjustments to Reconcile Operating Income to	Ψ		-			
Net Cash Provided by Operating Activities:						
Depreciation Expense						
Change in Assets and Liabilities:						
Accounts Receivable				I		ı
Inventories				i	i	i
Customer Deposits						i
Other Current Liabilities						
Net Cash Flows Provided by Operating Activities	\$					

Telephone Fund	Fund	Totals
Fullu	Fullu	Totals
\$		
	I	
ı		
	-	
Φ.		
\$		
i	i	
	I_	

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

		Original Budget	Final Budget	Actual - Budgetary Basis	Variance
Revenu	ie:	Buuget	Duugei	Dasis	variance
	Taxes:				
313	Sales Taxes	\$			
314	Gross Receipts Business Taxes				
315	Amusement Taxes				
320	Licenses and Permits				
	Intergovernmental Revenue:				_
331	Federal Grant	1			
334	State Grant	Ī	Ī		
335	Port of Entry				
335.02	Motor Vehicle Commercial Prorate		<u> </u>		
335.03	Tax Reversion				
335.04					
335.08	Local Government Fund				
338.01					
338.99	Other				
	Charges for Goods and Services:				
341	General Government		I		
			<u> </u>		
		<u> </u>			
	Miscellaneous Revenue:				
361	Investment Earnings				
362	Rentals				
367	Contributions and Donations From Private Sources				
369	Other				
Total R	Revenue				

BUDGETARY COMPARISON SCHEDULE (CONTINUED) GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

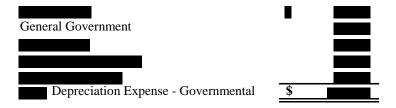
Expenditures: General Government: 411 Legislative 411.5 Contingency			Original Budget	Final Budget	Actual - Budgetary Basis	Variance
411.5 Contingency Amount Transferred 412 Executive 413 Elections 414 Financial Administration 419 Other Conservation and Development: 465 Economic Development and Assistance 466 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014	Expend		•			_
Amount Transferred 412 Executive 413 Elections 414 Financial Administration Other Conservation and Development: Economic Development and Assistance 465 Economic Opportunity 467 Economic Opportunity 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
Amount Transferred 413 Elections 414 Financial Administration 419 Other Conservation and Development: 465 Economic Development and Assistance 466 Economic Opportunity 467 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
413 Elections 414 Financial Administration Other Conservation and Development: 465 Economic Development and Assistance 466 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014	411.5	Amount Transferred	I		ļ	
413 Elections 414 Financial Administration Other Conservation and Development: 465 Economic Development and Assistance 466 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
Conservation and Development: 465 Economic Development and Assistance 466 Economic Opportunity 467 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
Conservation and Development: 465 Economic Development and Assistance 466 Economic Opportunity 467 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
Conservation and Development: 465 Economic Development and Assistance 466 Economic Opportunity 467 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014	419		Ξ			=
466 Economic Opportunity 467 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014	465	Conservation and Development:	Ī			
467 Economic Development - Exhibit Area 470 Debt Service Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
Total Expenditures 391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
391.01 Transfers In 391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014						
391.03 Sale of Municipal Property 391.04 Compensation for Loss or Damage to Capital Assets 511 Transfers Out Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014	Total E	xpenditures				
Total Other Financing Sources Net Change in Fund Balance Fund Balance, December 31, 2014	391.03 391.04	Sale of Municipal Property Compensation for Loss or Damage to Capital Assets	<u> </u>	<u> </u>		=
Net Change in Fund Balance Fund Balance, December 31, 2014						
Fund Balance, December 31, 2014	Total C	other Financing Sources				
	Net Ch	ange in Fund Balance				
Fund Balance, December 31, 2015 \$	Fund Ba	alance, December 31, 2014				I
	Fund B	alance, December 31, 2015	\$			

SCHEDULE OF CHANGES IN CAPITAL ASSETS DECEMBER 31, 2015

A summary of changes in governmental activities capital assets for the year ending December 31, 2015, is as follows:

	Balance 12/31/2014	Additions	Transfers/ Deletions	Balance 12/31/2015
Governmental Activities:	12/31/2011	ridditions	Beletions	12/01/2010
Capital Assets, not being Depreciated:				
Land	\$	I I		
Construction Work in Progress		<u> </u>	Ī	
Total Capital Assets, not being Depreciated				
Capital Assets, being Depreciated:				
Buildings			I	
Improvements Other Than Buildings			I	
Machinery and Equipment				
Total Capital Assets Being Depreciated				
Less Accumulated Depreciation for:				
Buildings			Ī	
Improvements Other Than Buildings			I	
Machinery and Equipment				
Total Accumulated Depreciation				
Total Governmental Activities Capital				
Assets, being Depreciated, Net				
TALC ALC YEAR	Φ.			
Total Governmental Capital Assets, Net	\$			

Depreciation expense for governmental activities was charged to functions as follows:



SCHEDULE OF CHANGES IN CAPITAL ASSETS (CONTINUED) DECEMBER 31, 2015

A summary of changes in business-type activities capital assets for the year ending December 31, 2015, is as follows:

	Balance 12/31/2014	Additions	Transfers/ Deletions	Balance 12/31/2015
Business-Type Activities:	12,01,201.	11001010	Detections	12/01/2010
Capital Assets, not being Depreciated:				
Land	\$		I I	
Total Capital Assets, not being Depreciated				
Capital Assets, being Depreciated:				
Buildings			Ī	
Improvements Other Than Buildings			Ī	
Machinery and Equipment			Ī	
Total Capital Assets Being Depreciated			Ī	
			_	
Less Accumulated Depreciation for:				
Buildings			Ī	
Improvements Other Than Buildings			i	
Machinery and Equipment			i	
Total Accumulated Depreciation				
Total Business-Type Activities Capital				
Assets, being Depreciated, Net				
Total Business-Type Capital Assets, Net	\$			

Depreciation expense for business-type activities was charged to functions as follows:

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CITY OF FAITH

SCHEDULE OF CHANGES IN LONG-TERM DEBT DECEMBER 31, 2015

A summary of changes in long-term debt for the year ending December 31, 2015 is as follows:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015	Due Within One Year
Primary Government:					
Governmental Activities:					
Capital Acquisition Leases	\$				
Total Governmental Activities		I			
Total Primary Government	\$				
The purchase price at the commencement of the capital acquisition lease was: Cost \$					
Capital Acquisition Lease Capital Lease for recreation center that be semi-annual payments of, mate	ears interest at ures January 201	_			

	Capital Acquisition Lease				
	Interest	Principal			
2016	\$				
2017					
Total	\$				

Interest paid and charged to expense for 2015 was

balance is due. Financed through the General Fund.

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CITY OF FAITH

DEPOSITORY DISCLOSURE AT DECEMBER 31, 2015

Deposit Amount Deposit